

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 662 – SB 756

April 14, 2015

SUMMARY OF ORIGINAL BILL: Authorizes property owners to contest a municipal determination with the county legislative body that a property's primary use is not for agricultural purposes.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent a special meeting is required by a county legislative body for the purpose of conducting a contested case hearing, and members of the body are compensated on a per meeting basis, there would be a mandatory increase in local expenditures up to a maximum of \$7,700 for any such meeting.

SUMMARY OF AMENDMENTS (005372, 006454): Amendment 005372 deletes and rewrites the bill in its entirety. Effective May 16, 2015, defines the term "property being used primarily for agricultural purposes", for the purpose of annexation, to mean property that satisfies one of the following four conditions:

- (1) The property is classified as agricultural land or forest land pursuant to Tenn. Code Ann. § 67-5-1005 or § 67-5-1006;
- (2) The property fails to meet the size requirements for agricultural land or forest land specified in Tenn. Code Ann. § 67-5-1004(1)(B), § 67-5-1004(3), § 67-5-1003(3), and § 67-5-1008(g), but otherwise meets the requirements to be classified as agricultural land or forest land pursuant to Tenn. Code Ann. § 67-5-1005 or § 67-5-1006;
- (3) The person who owns or operates the property meets the definition of a qualified farmer or nurseryman as defined in Tenn. Code Ann. § 67-6-207(e)(4) or is eligible to file a farm tax return, Form 1040, Schedule F; or
- (4) The property meets the definition of agriculture as defined in Tenn. Code Ann. § 1-3-105.

Amendment 006454 deletes and replaces certain language of the bill such that it defines "property being used primarily for agricultural purposes", for the purpose of annexation, as property that is principally used for agriculture as defined in Tenn. Code Ann. § 1-3-105, and that satisfies one of the following conditions:

(1) the property is classified as agricultural or forest land by Tenn. Code Ann. § 67-5-105 or § 67-5-106,

(2) the property fails to meet the statutory size requirements for agricultural or forest land specified in certain specified sections of statute, but otherwise meets the requirements to be classified as agricultural land or forest land,

(3) the person who owns or operates the property meets the definition of a qualified farmer or nurseryman as defined in Tenn. Code Ann. § 67-6-207(e)(4) or is eligible to file a farm tax return, Form 1040, Schedule F, or

(4) The property meets the definition of agriculture as defined in Tenn. Code Ann. § 1-3-105.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- This amended bill has no fiscal impact on state operations; only applicable to local government.
- This amendment removes the section of the bill which authorizes a property owner to contest a municipal determination by petitioning the county legislative body.
- The fiscal impact to local government as a result of defining the term “property being used primarily for agricultural purposes” is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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